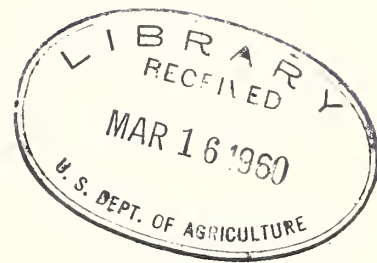


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Prospects for Foreign Trade in



**DAIRY PRODUCTS
POULTRY PRODUCTS**

Foreign Agricultural Service
UNITED STATES DEPARTMENT OF AGRICULTURE
January 1960

CONTENTS

	Page
I. DAIRY PRODUCTS.	1
Current world situation.	1
Butter.	2
Cheese	4
Canned milks	4
Dried milks	5
United States in the world situation.	5
Developing world markets:	
Surveys of potential overseas markets	8
Participation in meetings	10
Overcoming dollar shortages	10
Projects using foreign currencies	10
Trade fairs	11
Market information	12
II. POULTRY PRODUCTS	14
Current world situation:	
Poultry and egg production	15
International trade	15
United States in the world situation:	
Poultry meat	16
Eggs.	18
Developing world markets:	
Surveys of potential overseas markets	20
Participation in meetings	20
Overcoming dollar shortages	21
Lessening trade barriers	21
Trade cooperation.	21
Projects using foreign currencies	22
Trade fairs	22
Market information	23

PROSPECTS FOR FOREIGN TRADE IN DAIRY AND POULTRY PRODUCTS

I. DAIRY PRODUCTS

Prospects for exports of U.S. dairy products in 1960 are encouraging in terms of international price levels for butter, Cheddar-type cheese, and nonfat dry milk, but are not so encouraging in terms of U.S. supplies for export: the Commodity Credit Corporation (CCC) inventory is at its lowest level in years and foreign demand for U.S. butter, Cheddar cheese, and nonfat dry milk at domestic commercial prices will be very small or nonexistent, despite short supplies in Western Europe during the last quarter of 1959 and the first quarter of 1960. As the year wears on, demand and supply for all three products are expected to balance in Western Europe, the world's major dairy product trading area, at prices lower than those in effect around the beginning of the year. If employment and consumer income continue good, prices for butter and Cheddar-type cheese will be higher during the first half of 1960 than in 1959--and, during the second half, may differ little from 1959 prices. These expectations are based also on the assumption that the effects of the 1959 drought in several European countries will be limited to temporary checks to milk output per cow and will not force significant reductions in milking herds.

Despite the firmer market for dairy products moving in international trade and somewhat higher prices, at least in the first half of 1960, the two most important commercial dairy products exported from the United States--evaporated and dry whole milk--will continue to encounter stiff competition in 1960. For evaporated milk, the problem is filled milk in the Republic of the Philippines--largest U.S. overseas market for this product--and for dry whole milk, it is the lower priced Canadian, Danish, and Dutch milk in Venezuela, also the largest overseas market.

Current World Situation

Reported world milk production, which had increased in 1957 and 1958, leveled off in 1959. If it increases again in 1960, the gain will probably be small, as a result of the 1959 drought in Northern Europe and the modest increases indicated in other large milk producing areas, such as the United States, Canada, and Oceania. Any gain in production will probably come more from increased production per cow than from increased numbers of cows milked. As for export prices of dairy products, they should be relatively favorable through most of 1960, if not throughout the year, since milk production was down slightly in 1959 and since generally good economic conditions are expected in the major milk producing and consuming countries. Much depends on consumer response to higher prices for milk, butter, and cheese in Western Europe, which accounts for a large proportion of the world's milk production and a very large portion of international trade in dairy products.

Price has been the feature of the world dairy situation since 1958. That year, butter and cheese prices collapsed in Europe, but 1959 saw a complete reversal of the situation. True, the price-depressing effects of the abundant export supplies of butter and cheese in 1958 were softened in all but a few countries by price support measures. Also, in 1959 when export supplies and domestic output in some countries dropped, milk and dairy product prices rose substantially only in those countries where prices had declined substantially in 1958--in Denmark and (with lesser increases) in the Netherlands, Finland, Sweden, and Norway. In other countries--the United Kingdom, Ireland, Belgium, France, Switzerland, West Germany, the United States, Canada, Australia, and New Zealand--changes were small.

The lower butter and cheese prices in 1958 substantially increased consumption in several major consuming areas in Western Europe. Toward the end of 1958, prices rose in several countries, but not enough to cut consumer takings. Stored butter was available in some countries at substantially lower prices than fresh butter. Also, during the spring of 1959, prices declined less than they usually do in spring; still, consumption held up well. Stocks of butter and cheese had been substantially reduced when the spring flush-production season in the Northern Hemisphere began.

By late summer 1959, this increased consumption and some diversion of milk to cheese had brought a shortage of fresh butter. This, together with greater-than-normal seasonal declines in Northern European milk production as a result of drought, combined to force butter prices up in most of Western Europe. By late fall, cheese prices had also advanced somewhat, and the major questions facing the trade were (1) At what level will prices equate demand and supply? and (2) Will consumer responses change when retail prices fully reflect the rise in wholesale prices?

The second question gave major butter and cheese exporters considerable concern that the near-record high prices for butter would cause many consumers to shift to margarine; thus, butter prices might be forced to very low levels when supplies increased in the late winter and spring of 1960. Similar, though less marked, concern was entertained for cheese, although for this product continued high meat prices appeared to be a supporting factor.

The degree of market scarcity for butter in the world's largest butter market and the range of recent price variation can be indicated by reference to the wholesale ex-cold-storage prices for New Zealand finest butter in the United Kingdom. London quotations were 25-3/4 cents per pound at the seasonal low point in May 1958. By December 10, 1958, just before the Christmas holiday and after consumption had responded well to low prices, this quotation had reached 36-1/4 cents per pound. This level held until mid-May 1959, when the price began to increase strongly, reaching 51-1/4 cents early in November.

By that date, Danish butter was commanding 58-3/4 cents per pound, ex-quay, and Dutch butter was even higher in very limited supply. At about the same time, West Germany and France were attempting to import butter to offset depleted domestic supplies and to counter rising prices. And in Sweden, an export levy of 5 cents per pound was applied on butter to counter rising export demand and upward pressure on domestic butter prices. Further indications of the wide-ranging scope of the short-supply situation in butter were the arrangements for imports by the Union of South Africa from Australia--first such imports in 6 years--and the announcement on September 2 by the U. S. Government that no butter was available for export from CCC inventory.

In examining recent price swings in dairy products, it is well to remember that only a small part of the world's milk and dairy products (not more than 6 percent) enters international trade. Thus, relatively small variations in total output cause relatively large variations in export-import availability. Since most of the large milk producing and consuming countries have extensive arrangements for supporting prices of milk and dairy products that are protected by close controls on imports, any increase in export supplies of butter and bulk cheese tends to be channeled chiefly to the United Kingdom market. There, prices decline; whereas, in most protected markets the price levels are prevented from declining by one or another method of price support. The effects of supply shortages are not altogether what might be expected because the influence of short supplies is more pervasive than the influence of long supplies. Since governments are not so ready to apply maximum price controls and allocation of short consumer supplies, the upward price response to shortage is both greater and more widely felt than the downward price response to abundance.

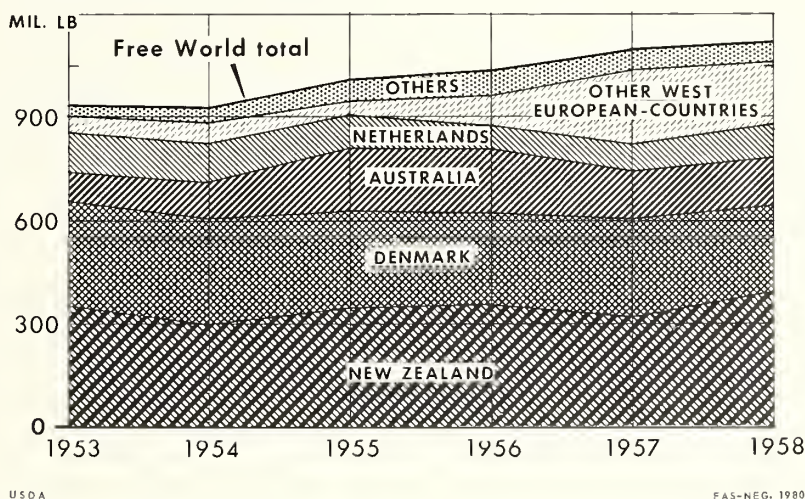
Butter

World butter production in 1959 is tentatively estimated at about 10.2 billion pounds, down about 3 percent from 1958. Chiefly responsible for the reduction were lower milk production and diversion of milk to cheese manufacture and, to a smaller extent, to canned and dry whole milk.

Production in nine countries of Western Europe, including that of most of the major suppliers, was down 5 percent in the January-June period, and probably declined more than seasonally during the second half of 1959. It was up in Oceania (8 percent), down in the United States (4 percent, January-September), down sharply in the United Kingdom and Ireland, largely as a result of factors other than drought, and down also in France and West Germany, largely because of the drought.

World trade in butter also declined in 1959, after increasing each year since 1954 and reaching a postwar record in 1958. Reductions in exports were experienced by several countries--the Netherlands, Ireland, and Sweden--which had had large increases in butter exports in 1958; Australia, however, increased its exports, in consequence of recovery from the dry weather of the preceding year, and Canada exported somewhat more butter in 1959 than in 1958.

New Zealand Increases Lead In World Butter Trade



France became a net importer in 1959, and West Germany increased its imports, which in 1958 were only about 7,500 metric tons, compared with 46,000 tons in 1957.

Shifts in butter trade were not so great in 1959 as in 1958. The United Kingdom remained the predominant importer and New Zealand and Denmark the predominant exporters. Concentration of imports of butter in the United Kingdom market--which was a major feature of 1958 trade, along with depressed prices--was lessened somewhat in 1959, as other countries entered the import picture actively, particularly in the second half of the year. Stringency in supply, however, and associated high prices considerably qualified the import interest which developed in West Germany and France and the quantitatively smaller interest of other countries, such as Italy and Belgium.

Butter consumption appears to have held up well in the first half of 1959, in furtherance of the tendency toward greater consumer takings which was encouraged by generally lower prices in 1958. Apparently the rise in butter prices, which was very substantial in the United Kingdom, Denmark, and the Netherlands during the last half of 1959, had a sharp impact in Denmark and relatively little impact in the United Kingdom at least through September. Consumption in Denmark during January-September 1959 was 24 percent less than in the comparable 1958 period; in the United Kingdom, it declined only 5 percent. Indications that butter disappearance in the United Kingdom during July-September 1959 was 14 percent down from both April-June 1959 and July-September 1958 point to an easing of supply-demand relationships as the rationing effect of high prices proceeds. Since butter prices in France, West Germany, Belgium, and

several important non-European butter-consuming countries declined relatively little in 1958, they increased relatively little as supplies shortened in 1959; and, presumably, butter consumption changed little.

Cheese

World cheese production in 1959 was probably not much different from that of 1958, but may have been slightly larger. Although milk production was lower in 1959 than in 1958, some was diverted from use in butter to cheese in Western Europe and in Oceania. This diversion in Europe was undoubtedly reduced or completely checked in the closing months of 1959 by the sharp rise in butter prices, which was not fully matched by increases in cheese prices.

Until the relationship of butter and cheese prices becomes more clearly established, prospects for 1960 cheese production will be uncertain. If butter prices decline significantly in early 1960 and cheese prices hold most of their 1959 gains, world cheese production in 1960 may be about the same as in 1959. Otherwise, butter manufacture may attract some milk away from use in cheese. It appears that prices for nonfat dry milk will be higher in 1960 than 1959; this will strengthen the combined demand of butter-nonfat dry milk for milk against the demand for milk for cheese. As expected, in view of more closely controlled production and marketing, the output of specialty and relatively high-priced varieties of cheese did not change much in 1959, except where drought intervened, and little change in output is expected in 1960. Prices will probably be somewhat higher than in 1959.

International trade in cheese was larger in 1959 than in 1958, with the bulk type supplying most of the gain. Among the major cheese exporters, the Netherlands and Denmark showed gains, while New Zealand experienced some decline. Exports from Switzerland were up but those from Italy probably changed little. France undoubtedly suffered some reduction, because of drought. Australian exports were up substantially in consequence of better milk producing conditions than in 1958.

The United Kingdom continued as the world's largest cheese importer and, together with West Germany, accounted for about 70 percent of the volume of world cheese trade. West Germany continued to increase cheese imports; these are completely liberalized to its OEEC partners, whereas butter imports are subject to license. (West Germany's production of cheese has declined during the past 2 years, owing to inability of domestic producers to compete in price with cheese from the Netherlands and Denmark, and its butter production has risen, as milk not used in cheese has been channeled into butter production.)

World trade in specialty cheese in 1960 will probably continue its gradual growth, which probably was small in 1959. Trade in the bulk, Cheddar-type cheeses in 1960 will depend largely on export availability, since import demand should continue strong throughout the first half of 1960 and perhaps the entire year. In export availability, the price relationships between cheese and butter in 1960--yet to be determined--will play an important role.

Canned Milks

Available information indicates that the output of canned milk in 1959 was slightly higher than in 1958. During the first quarter of 1959, it was higher in all reporting countries, except France and Australia. In the second quarter, output was lower in the United States, Canada, and Australia than in the comparable 1958 period, but the sum of reported gains in output in France, the Netherlands, West Germany, and the United Kingdom was much greater than the sum of reported reductions. The overall gain for the entire year may have been modified in Northern Europe during July-December as a result of drought.

Since canned milk production, both unsweetened evaporated and sweetened condensed, occurs largely on the basis of realistic estimates of expected demand at going prices, it seems apparent that, at least on a worldwide basis, the market for canned whole milk during 1959 expanded in sufficient degree to absorb also the growing output of canned filled milk. It is possible that near-worldwide conditions of continued economic growth may sustain total canned milk output and trade during 1960 at levels not much different from 1959.

Dried Milks

World production of nonfat dry milk in 1959 may have been slightly lower than in 1958, and production of dry whole milk slightly higher. During 1959, the supply-demand situation for nonfat dry milk changed from surplus early in the year, with downward price pressure, to shortage in the last quarter of the year, with firm-to-rising prices, and the total volume of trade for the year probably set a new high.

The major developments during 1959 were a larger volume of trade, the exhaustion of the CCC inventory of nonfat dry milk early in October after unusually heavy sales during the July-September quarter, and the complete withdrawal of CCC from export operations in this product including sales for dollars, barter, and foreign currency and all foreign donations. At about the same time, the drought in Northern Europe increased the commercial import demand for nonfat dry milk in that area. Finally, during the summer and early fall, the U.S. voluntary agencies engaged in overseas distribution of donated nonfat dry milk were receiving calls for larger supplies for the year ahead.

As of November 1959, it appeared that the demand for nonfat dry milk at current prices from all sources would exceed available supplies for several months. However, rising prices were expected to reduce demand.

Production of dry whole milk appears to have increased during 1959, although complete data for the year are not yet available. International trade also appears to have been greater than in 1958, at least on the basis of data for the first 6 months of the year. Exports to Venezuela, the world's principal market for dry whole milk, were appreciably greater during January-June 1959 than in the first half of 1958, and shipments to other tropical and semitropical areas and to some Western European countries probably increased also.

Prospects for production and trade in 1960 are uncertain as yet. The 1959 drought may stimulate larger imports of dry whole milk by France, West Germany, and Belgium in the first half of 1960, and trade in Central America and Africa may continue to grow.

United States in the World Situation

Milk production in the United States declined slightly in 1959 for the second consecutive year, after a 3-year period of gradual increase. Total production was about 124.2 billion pounds and per capita, 702 pounds--a new record low. In 1960, production may be about the same or slightly larger than in 1959. If per capita commercial demand for milk and dairy products and farm and school milk use are about the same as in 1959, total supply and demand for milk and products containing milkfat are likely to be approximately in balance in 1960. Supplies of nonfat dry milk, however, will continue to exceed commercial consumption at support levels. Export availability of nonfat dry milk from CCC inventory will be smaller than in 1959; and that of butter and Cheddar cheese will be sharply reduced or, quite possibly in the case of butter, may disappear altogether. It is highly unlikely that export demand of any significance will develop for any of these products at domestic commercial price levels during the year.

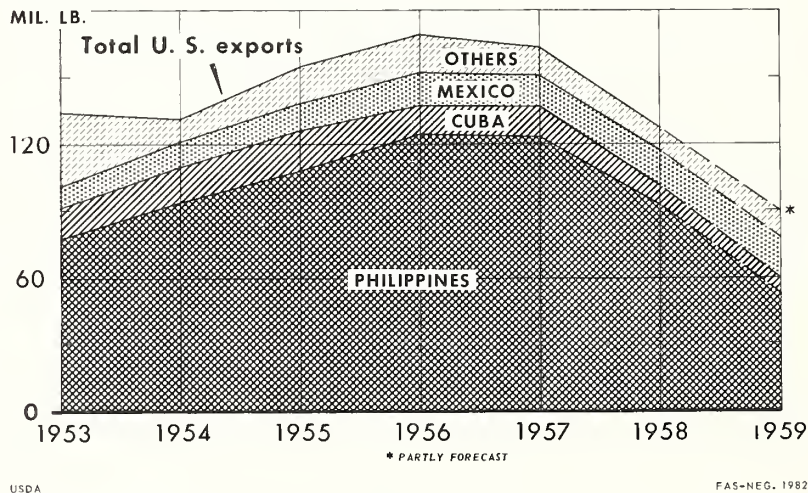
U.S. production of butter, cheese and canned and dry whole milk was apparently smaller in 1959 than in 1958. Preliminary estimates during January-September indicated

downturns of about 6 percent for butter, 2 for Cheddar-type cheese, 1 for total cheese, about 3 for dry whole milk, and 1 percent for evaporated milk. Manufacturers' reports through September indicated a gain of 1 percent for nonfat dry milk, despite the reduction in butter output. Price support acquisitions of butter were down almost one-third during January-October 1959 from the 1958 level, but those of Cheddar cheese were 38 percent larger. At the same time, deliveries of nonfat dry milk (bulk purchases plus scheduled deliveries of purchases in small containers) were down 8 percent.

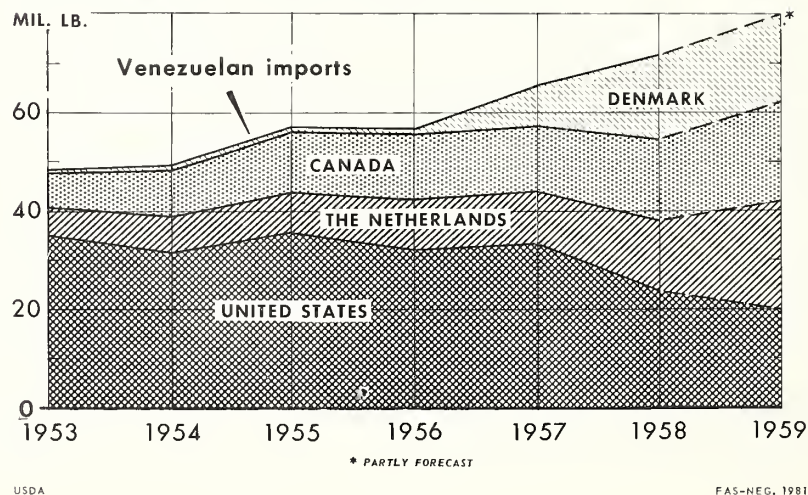
The outlook for 1960 is for a balance, or near balance, between consumption and supplies of milk and fat-containing products. Since it is expected that prices to farmers for milk will average slightly higher in 1960 than in 1959, and since costs of manufacture and distribution are not likely to be reduced, it can be inferred that commercial price levels for butter, cheese, and canned and dry milk will be slightly higher on the average in 1960 than in 1959.

In 1960 it is also likely that U.S. exports of evaporated and dry whole milk will continue to decline. Evaporated milk will again lose ground in the Republic of the

U. S. Evaporated Milk Exports Continue Sharp Decline in 1959



U. S. Share of Venezuelan Market For Dry Whole Milk Declines



Philippines to domestically produced filled milk and in other areas to continued lower price competition from other suppliers, such as the Netherlands and Denmark. Dry whole milk exports to Venezuela will continue to decline as lower priced supplies from Canada, Denmark, and the Netherlands continue to gain in sales. Some small gains in exports to other areas may occur, but these are not expected to be large enough to offset the expected reduction in exports to Venezuela.

TABLE 1.--CCC sales of dairy products for export, 1955-59

Product and program	1955	1956	1957	1958	1959 ¹
	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>
Dollar sales:					
Butter.....	11.4	9.2	5.0	1.2	1.6
Cheddar cheese.....	2.8	8.8	5.0	1.6	(²)
Nonfat dry milk.....	13.0	36.7	41.4	36.0	54.3
Title I sales:					
Butter.....	2.5	9.1	3.7	27.4	(²)
Cheddar cheese.....	1.2	3.1	3.2	10.5	--
Nonfat dry milk.....	--	12.3	22.8	56.2	52.2
Barter sales:					
Butter.....	--	--	--	0.8	16.7
Cheddar cheese.....	--	--	--	2.8	5.6
Nonfat dry milk.....	1.0	--	--	10.3	51.9

¹ January through October.

² Less than 50,000 pounds.

Export programs for butter, Cheddar cheese, and nonfat dry milk have been conducted by CCC when supplies were available. Exports have been made for dollars, for foreign currencies (Title I of Public Law 480), and for certain commodities under barter exchange.

For butter, dollar sales have never exceeded 12 million pounds in any calendar year since 1955. It is probable that export sales in the last half of 1959 would have increased sharply if supplies had been available. However, on September 2, CCC was forced to discontinue further offerings of butter under both domestic and export programs, including barter, because remaining limited supplies at that time were committed to other programs, and acquisitions during the next several months were expected to be very small. It is unlikely that export demand for U.S. butter will be strong if CCC again resumes export offerings in the spring of 1959, but it is entirely possible that CCC may not be able to resume export offerings of butter under any program during 1960 because of small acquisitions under the price support program.

Title I sales of butter have been important only in 1958 when a conjunction of relatively large programs (Israel and Brazil) substantially increased exports under this authority to 27 million pounds. Barter sales of butter were also unimportant until mid-summer 1959 when a spurt in contracts occurred, almost solely stimulated by fears of a possible butter shortage in Western Europe in the fall and winter of 1959 as a result of drought.

As for Cheddar cheese, dollar export sales by CCC have been consistently small, never having exceeded 10 million pounds annually since 1955 and holding small even during the late summer and early fall of 1959 when the international market for Cheddar cheese began firming as a result of the European drought. Title I sales of cheese reached about 11 million pounds in 1958, but were negligible in 1959. Barter sales were unusually

heavy early in November 1959 but probably did not exceed 12 million or 15 million pounds. Prospects for 1960 sales are not favorable since the special conditions of 1959, which strongly stimulated CCC barter sales in November, are not likely to be repeated.

For nonfat dry milk, dollar export sales out of CCC inventory have exceeded 35 million pounds annually since 1955 and reached 54 million during January-October 1959. Prospects for dollar sales during 1960 are somewhat uncertain since export demand will probably be weaker by the time CCC is able to resume dollar export offerings in 1960 than it was during the last quarter of 1959. Total dollar sales in 1960 should be at least as large as in 1958, however.

Title I sales of nonfat dry milk increased from 12 million pounds annually in 1956 to 56 million in 1958 and declined to 52 million in 1959. Prospects for 1960 are unclear as of November 1959, but the chances are good that, if supplies are available, Title I sales in 1960 will be in the neighborhood of 40 million to 50 million pounds.

Barter sales of nonfat dry milk, negligible until 1958, rose sharply in the summer of 1959. Total barter sales for 1959 will probably not differ greatly from the 52 million pounds recorded during January-October. Prospects for 1960 are uncertain--since the sales-stimulating circumstances of 1959 are unlikely to be repeated--but sales will undoubtedly be lower than in 1959.

For several years, donations of dairy products abroad under Titles II and III of Public Law 480 have accounted for the bulk of U.S. exports of dairy products. However, as CCC stocks were reduced and acquisitions for price support purposes declined, first butter, then cheese, and finally nonfat dry milk were removed from the list of surplus commodities available for donation abroad. There is little likelihood that foreign donations of butter, discontinued since late 1956, will be resumed in 1960. Neither is it likely that foreign donations of Cheddar cheese, discontinued in late 1958, will be resumed in 1960.

As for nonfat dry milk, donations abroad under Section 416 of Title III, which increased steadily from 80 million pounds in 1953 to 540 million pounds in 1958, declined sharply to 332 million pounds in 1959. Donations under Title II of Public Law 480 also dropped--from 15.6 million pounds in 1958 to 6.8 million during January-November 15, 1959. Nearly two-thirds of 1959 donations abroad were in small packages and the remainder in bulk.

There are some indications that widespread, perhaps worldwide, use of nonfat dry milk under various donations programs is laying the groundwork for a substantial future increase in trade in this product. While commercial realization will be slow, it is believed to be sure. Comparative prices and quality will be paramount in determining how the growth in this trade over the next 5 to 10 years will be allocated among supplying countries.

Developing World Markets

Surveys of Potential Overseas Markets

During 1959, marketing specialists continued to actively carry out their primary purpose of assisting the industry in seeking and expanding the overseas market for U.S. dairy cattle and dairy products. These specialists go to the market places of importing countries to evaluate the marketing situation facing the U.S. products.

One of them worked for some weeks this year in Venezuela, now the world's largest livestock market. There, during the year, livestock breeders initiated an expanded program for importing purebred dairy cattle for breeding. The specialist participated in the National Livestock Exposition at Valencia, not only to evaluate the situation but to

help establish contacts between U.S. dairy cattle exporters and the importers. He has let the U.S. dairy cattle industry know what Venezuelan importers want, and has continued to give liaison assistance in the development of this import program.

Europe also offers opportunity for expanded sales of U.S. dairy cattle. On the recommendation of U.S. agricultural attachés, a dairy cattle marketing specialist visited Italy, Yugoslavia, and West Germany, to determine market potential. The specialist also visited Switzerland, the Netherlands, Denmark, and the United Kingdom to evaluate the quality of the dairy cattle being exported from these countries to the important Latin American market in competition with U.S. exports.

In 1959, too, a group of Texas ranchers and dairymen donated 20 beef and dairy calves to an orphan home in Korea. An FAS dairy cattle marketing specialist was made available to accompany these calves to Korea. On the return trip the specialist evaluated the market in Japan for U.S. dairy cattle.

Giving technical help and advice to overseas processors also plays an important part in creating a favorable attitude toward the importation of U.S. dairy products. Thus, at a plant on the island of Eleuthera in the Bahamas a marketing specialist demonstrated the preparation of recombined milk, ice cream, and other dairy products from nonfat dry milk and anhydrous milk fat. The management of this plant, which ships products to other tourist centers in the Bahamas, indicated that orders for these recombining ingredients would be placed.

Another example of this activity was a demonstration carried out in Burma of the preparation of sweetened and unsweetened condensed milk utilizing U.S. nonfat dry milk and anhydrous milk fat. Unsweetened and sweetened condensed milk are the major sources of dairy products for many peoples of underdeveloped countries. The production of the recombined product in these countries from U.S. recombining ingredients could further increase the use of dairy products, and by utilizing local labor and domestic facilities could contribute to the welfare and overall economy of the countries.



Recombining plant, Specialists' demonstrating how best to combine the recombining ingredients into milk, ice cream, and other dairy products creates expanded foreign markets for U.S. nonfat dry milk and anhydrous milk fat.

To evaluate market development projects in effect for dairy products and dairy cattle a marketing specialist visited Peru, Chile, Brazil, Ecuador, and Colombia during the year. The specialist also determined the feasibility of additional activities in these markets.

In recent years the principal dairy product made available for foreign donation has been nonfat dry milk. Its distribution, through overseas charitable institutions, has created many new milk consumers. In several countries where large quantities have been utilized, the local dairy industry has expanded and local production increased. To determine how much assistance that the use of U.S. nonfat dry milk has been in developing the local dairy industry, a marketing specialist carried out a detailed survey in Japan. Such surveys will be made in other countries.

Participation in Meetings.

An important activity of FAS representatives is to transmit to the U.S. dairy industry the information that has been obtained concerning foreign markets and the overseas potential for U.S. dairy cattle and dairy products. An effective means of conveying this information is through participation in both national and international dairy meetings.

During 1959 FAS representatives were on the programs of the annual meetings of the Purebred Dairy Cattle Association, The Pacific Dairy and Poultry Association, and The Dairy Society International. The dairy industry, particularly the dairy producers, are showing increasing interest in the potential overseas market for U.S. dairy cattle and dairy products.

Also during the year, an FAS representative was a member of the U.S. delegation to the World Dairy Congress held in London. This gave the representative an opportunity to exchange ideas and to obtain information on world dairy problems, including marketing.

The Food and Agriculture Organization (FAO) has continued its activities to develop designations and standards for milk and milk products. A second meeting of government experts was held in Rome in April on the subject. An FAS representative attended, to assist in representing the U.S. interest. Twenty-one countries had official delegates, four countries sent observers, and five international organizations were represented.

Overcoming Dollar Shortages

During 1959 the Export-Import Bank authorized a \$600,000 loan to Honduras for the purchase of beef and dairy cattle. It also authorized a loan to Venezuela for \$640,000 for the purchase of dairy cattle and equipment.

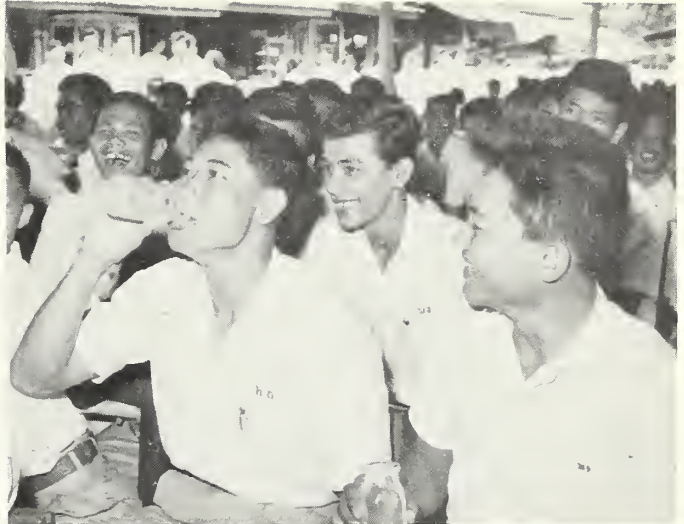
Title I programming and barter sales continued to be effective means of moving certain dairy products into the export market.

Projects Using Foreign Currencies

Efforts to bring about expanded industry participation in the development of foreign markets for dairy products were emphasized during 1959. No new foreign currency projects were initiated.

A project established in Thailand to introduce, through a sampling, educational-nutritional program, recombined fluid milk, ice cream, and other dairy products to the Thailand consumer is being brought to a successful conclusion on December 31, 1959. A broad consumer base has been established which will support a continued commercial operation utilizing U.S. recombining ingredients.

Thai school boy enjoys recombined milk provided under DSI-FAS Thailand market development project. This successful project is ending this year.



Also terminated during 1959 was a dairy project in Colombia. Based upon an agreement with a group of dairy producers in an area that normally has more milk available than is consumed, the project proposed to increase consumption to a point that could not be supplied locally, with the understanding that any deficits in supplies would be made up by using U.S. milk products. By January 1959, it was apparent that the project was accomplishing its initial phase since daily consumption had risen to 135 percent of that 6 months earlier. Every effort was made to encourage the local cooperators to supply the deficit from U.S. sources. However, this group has imported no U.S. products thus far. Imports were being made at the same time by other commercial organizations. Therefore, on the basis of the agreement there was no alternative except termination of the project.

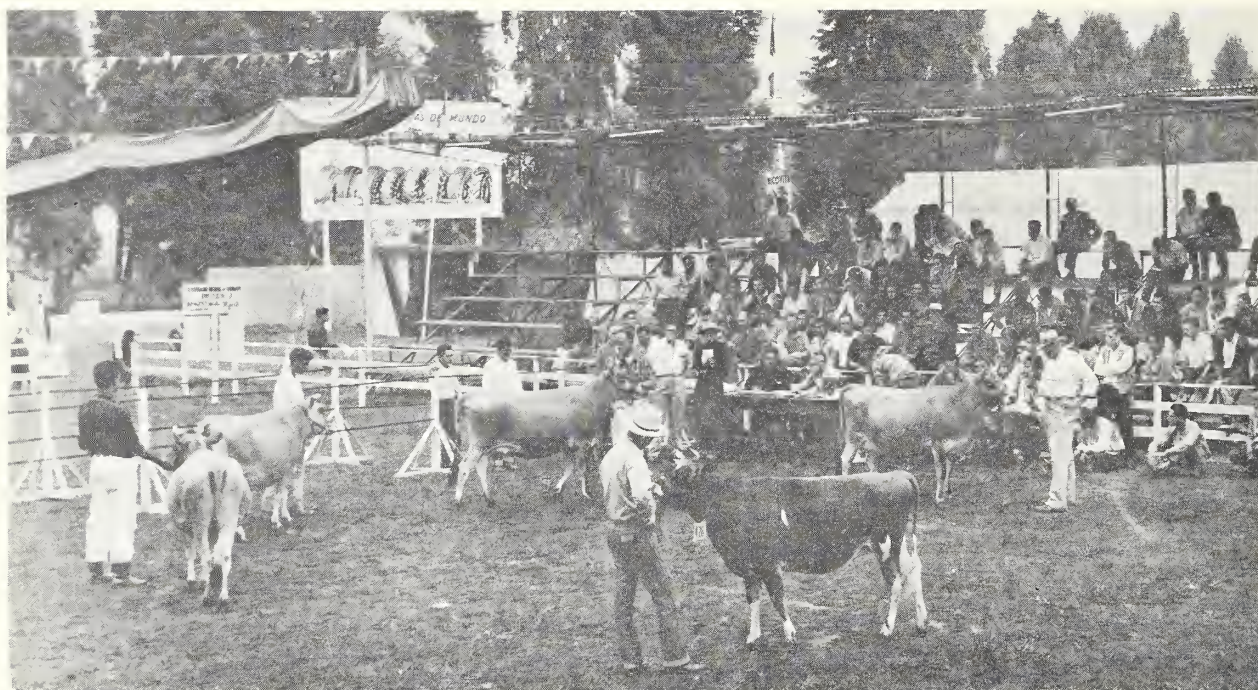
A project that got under way during the year was one to develop new uses and new combinations of milk with accent on low-cost indigenous items, with third-party contracts being signed by the cooperator in three of the countries concerned: Brazil, India, and Pakistan. In Brazil, the initial steps are under way to collect data upon which will be based a promotional campaign directed toward encouraging the consumption of a more substantial morning meal, including milk and milk products.

Dairy cattle export projects were carried on at about the same level and along the same lines as in the previous year. New during the year was a project to encourage sizable groups of prospective cattle buyers to visit the United States. The purebred dairy cattle breed associations cooperated in the project by supplying local transportation and guidance and assisted the buyers in obtaining the desired animals.

Trade Fairs

The DSI-FAS market development program continued in several international fairs and solo exhibits sponsored by the U.S. Departments of Agriculture and Commerce. In 1959, recombined milk, ice cream, and milk drinks were manufactured from U.S. ingredients in Madrid, Spain, and Calcutta and Madras, India. About 270,000 samples of products produced at these fairs were distributed to visitors and invited groups, to demonstrate the tasty, nutritious products that can be manufactured from U.S. nonfat dry milk and anhydrous milk fat. FAS marketing specialists assisted at these exhibits.

The recombining equipment used in India and Spain has been sold to parties interested in operating recombining operations in these milk-deficit areas.



Dairy cattle of U.S. breeding compete in Latin American dairy show. Industry and Government cooperate to increase exports to Latin America, already the most important foreign outlet for U.S. dairy cattle.

FAS and DSI (Dairy Society International) are also cooperating in a display-demonstration exhibit at the First World Agricultural Fair in New Delhi. This exhibit will show the wide variety of processed dairy products available from the United States. Instant nonfat dry milk, a product which should receive much attention in India, will be the highlight of the exhibit.

Market Information

For basic information on export markets for the principal dairy products, FAS has continued its publication of circulars covering trends in foreign production, world and U.S. trade, and conditions or limitations affecting such trade. FAS is also publishing semiannual circulars on U.S. exports of dairy cattle.

Also issued during the year were (1) an analysis of the increasing competition to U.S. exports of evaporated milk from domestic production of canned filled milk in the Republic of the Philippines, (2) a study of the price and quality competition to U.S. exports of dry whole milk in Venezuela offered by exports from Canada, Denmark, and the Netherlands,



In U.S. Pavilion, International Samples Fair, Barcelona, small visitor gets ice cream made from U.S. recombined milk.

(3) a technological circular covering recombined milk in Burma, and (4) a study made in the Dominican Republic, Colombia, Ecuador, and Peru on export prospects for U.S. dairy cattle.

Information received from marketing specialists and attachés, of interest to exporters of dairy products, is released in the weekly FAS publication, Foreign Crops and Markets.

The following is a list of circulars published during the past year.

FD 16-58	World Trade In Dairy Products, 1956, 1957, And Indications For 1958	Dec. 31, 1958
FD 1-59	World Output of Dairy Products in Third Quarter, 1958	Feb. 27, 1959
FD 2-59	U.S. Dairy Exports Under Title I, Public Law 480, 1957 and 1958	Feb. 27, 1959
FD 3-59	U.S. Dairy Cattle Market Prospects Good in Latin American Countries	March 31, 1959
FD 4-59	Recombined Milk and Dairy Products Made in Burma With U.S. Ingredients	March 26, 1959
FD 5-59	U.S. Exports of Dairy Breeding Cattle Calendar Years 1957 and 1958	April 6, 1959
FD 7-59	Per Capita Consumption of Dairy Products, 1956, 1957 and Indicated 1958	April 24, 1959
FD 8-59	World Output of Dairy Products Fourth Quarter and Annual, 1958	May 4, 1959
FD 9-59	Filled Milk Reduces Philippine Market For U.S. Evaporated Milk	June 26, 1959
FD 10-59	Milk Production and Utilization in Principal Producing Countries, 1958	July 1, 1959
FD 11-59	U.S. Facing Dry Whole Milk Price Competition in Venezuela	July 24, 1959
FD 12-59	Butter and Cheese Production Continues Upward Trend	July 30, 1959
FD 13-59	U.S. Dairy Exports Rise Slightly From Low 1957 Level	Aug. 5, 1959
FD 14-59	World Output of Dairy Products Up In First Quarter, 1959	Aug. 28, 1959
FD 15-59	World Trade in Dairy Products, 1957, 1958, and Indications for 1959	Sept. 28, 1959
FD 16-59	U.S. Exports of Dairy Breeding Cattle Decline in January-June, 1959	Nov. 12, 1959

II. POULTRY PRODUCTS

The rapid developments in U. S. foreign trade in poultry and egg products of the last few years culminated in an upsurge of U. S. exports of frozen chicken and turkey in 1959. This, together with rather impressive increases in exports of canned poultry, hatching eggs, and baby chicks, raises a question as to how much U. S. trade in these products can expand. On the other hand, the sharp decline in exports of market eggs--although slightly more than offset by some recovery in dried egg exports in 1959--plus the price and quality offered by competitors raise the question as to whether U. S. export markets for these products can be maintained.

The United States has participated heavily in the sharply increasing world trade in chickens and turkeys. While world trade in poultry in 1959 increased by about 25 percent over that of a year earlier, for the second consecutive year, comparable U. S. exports were more than double those of 1958. Including canned poultry, the total value of all U. S. exports of poultry in 1959 is estimated at over \$35 million compared with \$17 million in 1958.

With respect to chickens the extremely sharp rate of increase in U. S. exports probably will not be duplicated in 1960, although some further increase is expected. The growing demand for chickens in Western Europe, stimulated in part by U. S. industry and Government promotion activities, accounted for nearly 60 percent of total U. S. exports of frozen chicken in 1959. West Germany alone accounted for over a third, and, if additional tenders or dollar liberalization are granted for U. S. chicken in 1960, that country could account for an even greater part of the growing U. S. exports. Exports to Switzerland likewise increased, but at a slower rate, but those to the Netherlands, partly for transshipment, rose sharply. Increased shipments went to Belgium, Greece, and to Spain, where U. S. poultry meat was introduced for the first time, under a Title I, Public Law 480, program. Countries of the Caribbean, Africa (including a Title I program in Egypt), the near East (including a Title I program in Turkey), and the Far East, notably Hong Kong and Singapore, also sharply increased takings in 1959. Larger exports to all areas (possibly excepting the Far East market, normally dominated by Mainland China) are expected in 1960 and later. The extent of the increase depends on income and population limitations, the extent of government protection to local producers, local meat-producing efficiency, the price-quality competition of other world suppliers together with any trade agreement priorities they obtain, and the development of new markets. The quality-price attractiveness of U. S. meat-type birds makes export prospects appear favorable.

U. S. frozen, ready-to-cook turkeys are likewise finding increased acceptance abroad. As a result of sharply increased takings by Germany, which freed dollar exchange for their importation in 1959, and by the Netherlands and Switzerland, U. S. exports of turkeys recovered in 1959 to above the level of 1957. Further increased exports, mainly to Europe, are expected in 1960.

Although the United States has been a leader in the development of a rapidly expanding world trade in poultry meats, it did not participate in the expanding world trade in market eggs in 1959. U. S. exports of table eggs were less than half those of a year earlier, both in quantity and value, while total world trade increased by about 6 percent for the second successive year. U. S. exports of dried eggs increased sharply, especially to Western Europe, but under demand conditions which are likely to prove temporary in part. U. S. exports of hatching eggs increased, mainly in value, with Venezuela and the still relatively unimportant European markets, notably West Germany, accounting for most of the change. The outlook is favorable.

U. S. exports of baby chicks increased moderately in 1959 over 1958. Some future increase is expected, especially of meat-type chicks, as the value of specialized U. S. breeding becomes more generally understood.

Current World Situation

Poultry and Egg Production

World production of poultry and eggs undoubtedly established a new record in 1959, although complete measures of chicken numbers, egg production, and poultry meat output are not available.

Chicken numbers, exclusive of broilers, in the 30 countries for which regular estimates are available are estimated at about 1.5 billion head in 1959, representing an increase of about 1 percent over a year earlier. The world's chicken population continues to increase, but at a gradually decreasing rate. Chicken numbers in several of the major poultry countries, notably the United States, the Netherlands, Norway, Sweden, Belgium, the United Kingdom, Ireland, Italy, Switzerland, and others, apparently have reached or are approaching a stabilized population. The average yield of eggs per layer in most of these countries is increasing, however.

Egg production in 30 major producing countries reached a new high of 12.6 billion dozen in 1958, up about 2 percent over 1957, and a further increase of at least 2 percent is estimated for 1959. Although egg production showed a tendency toward a slow rate of increase in the 2 preceding years, the rate of output was accelerated slightly in 1959. Production in the United States, by far the largest Free World producer, rose nearly 4 percent, and that of the United Kingdom, second only to the United States, was up substantially. The United Kingdom increase occurred in spite of an announced reduction, in June 1959, of the price support level. Increases were substantial also in the Netherlands, Sweden, and Belgium, and moderate in Denmark. Production in France increased moderately over that of 1958, and that country is now reported to be approaching self-sufficiency. These increases are believed to have been offset in part by declines in Ireland and a number of other less important countries. Production in Bulgaria and Mainland China also declined.

Most of the world's poultry meat continues to be a byproduct of the small farm flock of dual-purpose birds or of laying types kept for egg production. Until very recently, poultry meat production could be expected to follow the level of chicken numbers and egg production in most countries. With the outstanding success of the United States in producing broilers of excellent quality and low cost under large-scale operations, many countries have attempted to adopt similar poultry meat production practices. Among the countries already well along in broiler-type production are Canada, the United Kingdom, France, West Germany, Belgium, Italy, Australia, Mexico, Venezuela, Cuba, Jamaica, Trinidad, and Panama. Countries in which similar attempts are being started include Ireland, the Netherlands, Sweden, Greece, Denmark, Chile, Peru, the Dominican Republic, Israel, and several others. In all such cases, chicken numbers do not accurately reflect the broilers produced. In some countries, including the United States, the number of broilers being raised is not included in counting the poultry population. While statistics of poultry meat are available for only a few countries, including the United States, Canada, and the United Kingdom, pronounced increases have been reported in these countries. That production of chicken meat is rapidly increasing is reflected also in the sharply increased volume of international trade. The United States is by far the largest producer of poultry meat, but U. S. domestic consumption is high, and Denmark and the Netherlands were the principal exporters until 1959, when U. S. exports probably were the greatest.

International Trade

Stimulated by an increasing world demand, international trade in poultry increased sharply in 1959 for the second successive year. While some of this trade has been in turkeys, ducks, geese, and game, it is apparent that the demand for chicken is largely responsible for the increased volume of trade. Consumers have been impressed both with the improved quality of ready-to-cook chicken, and with its low price relative to red meats, especially in such importing markets as West Germany and Switzerland. The same thing has happened in the United Kingdom.

Western Europe has been the predominant market, accounting for at least 80 percent of the world's imports in 1959. These imports are estimated at about 280 million pounds, an increase of about 30 percent over 1958. The United States obtained a large share of this increased trade in 1959, supplying over 60 million pounds, about 20 percent of these imports, compared with about 20 million pounds, or 11 percent in 1958. The bulk of trade in poultry meat is carried on between West Germany, the principal market, and the Netherlands, Denmark, and now the United States, the principal suppliers.

An increased demand for poultry appears to be developing in new markets of the Near East and Africa, as well as in the Western Hemisphere and Europe, and prospects appear favorable for a further increase of trade in 1960.

World trade in eggs in 1959 increased by about 6 percent over that of a year earlier for the second consecutive year. As in the case of poultry, Western Europe accounts for about 80 percent of the total trade and West Germany, for about half of the estimated imports by all Free World countries. Denmark and the Netherlands are the principal suppliers, and both countries increased their exports in 1959. Other European countries which increased exports in 1959 were Poland, Hungary, and Belgium. Europe's imports from Mainland China declined to a small fraction of the quantity imported in 1958, and imports from Bulgaria and Ireland also declined sharply. The increase in Canada's exports, a large part of which went to Venezuela, one of the world's principal markets, was less than the decline in U. S. exports to that country. U. S. exports of table eggs to Europe (except to Spain under the economic aid, MSA, program) were unimportant.

United States in the World Situation

Poultry Meat

The growing popularity of U. S. frozen poultry meat of all kinds undoubtedly has been an important factor in stimulating the recent development of international trade as well as the efforts abroad to increase and improve poultry meat production and marketing. This, in turn, has been brought about by the high quality and keenly competitive price of U. S. ready-to-cook poultry, relative to that of red meats and to competing poultry.

U. S. total exports of poultry meat, including canned, are estimated at about 120 million pounds in 1959, compared with \$51.4 million in 1958.

The prospects for U. S. exports of the various poultry products will depend mainly on the growth in income and population, the competition of local and other imported supplies, the adequacy of marketing facilities, and consumption patterns in the markets to which U. S. products will have access.

A review of these conditions suggests that the rate of increase in U. S. exports of poultry, which were more than doubled in 1959 over a year earlier, probably will be more gradual in the next few years than in 1959. Market development in some high-income industrialized countries (Germany, Switzerland, etc.) is already well along. These are markets with adequate freezer-serviced marketing facilities and with only moderate import limitations. While the market potential in West Germany is great, there is strong competition with poultry meat imported from the Netherlands and Denmark and from Poland, in payment for German industrial exports. That country has so far permitted imports of U. S. ready-to-cook chicken only under a system of import tenders, which, however, were increased sharply in 1959. In Switzerland, the pressure to protect producers of veal and pork, as well as of poultry, already is being felt.

U. S. exports of frozen chicken meat increased from 37 million pounds in 1958 to about 100 million in 1959, with the sharpest increase after midyear. It is not clear whether the increase in U. S. chicken exports in the third quarter is temporary, or whether it points to the possibility of greater freedom for dollar trade in chicken meat.

Market prospects in other relatively high-income countries, notably the United Kingdom, France, Italy, and Venezuela, are limited by import barriers which appear to be aimed in large measure at inducing further development of the national poultry industry. Although per capita poultry consumption in these countries is still far below that of Canada and the United States and there have been some recent import relaxations (notably on canned and precooked poultry to the United Kingdom), sanitary restrictions, exchange controls, and other limitations have restricted imports of nearly all U. S. poultry meats up to the present time.

The Netherlands, until recently, may have been included in this category, as well as in that of competitor; but in 1959 it became a significant importer of U. S. poultry meat. Poultry raising in the Netherlands is still mainly for eggs, an important export item. Most of the imported poultry is for re-export. It may be significant that a sharp increase in imports followed local government action, about mid-1959, to free the retail sale of poultry meat from the monopoly of a group of small licensed vendors in favor of modern refrigerator-equipped food stores. To overcome the effect of an import embargo against Newcastle disease, a satisfactory procedure has been established between the U. S. Department of Agriculture and the Dutch Government.

The possibilities for U. S. poultry exports to countries of southern Europe, North Africa, and the Near East, while generally favorable, are more limited than in markets like Germany or Switzerland. Average incomes generally are lower, refrigerated facilities for distribution less adequate, and consuming habits and customs require greater change. Greek imports recently have been increasing, however, and U. S. poultry was introduced under Title I, Public Law 480, programs to Turkey, Spain, and Egypt in 1959. U. S. poultry exports to Saudi Arabia, other Arabian states, Iran, Liberia, and Ghana likewise may be expected gradually to increase.

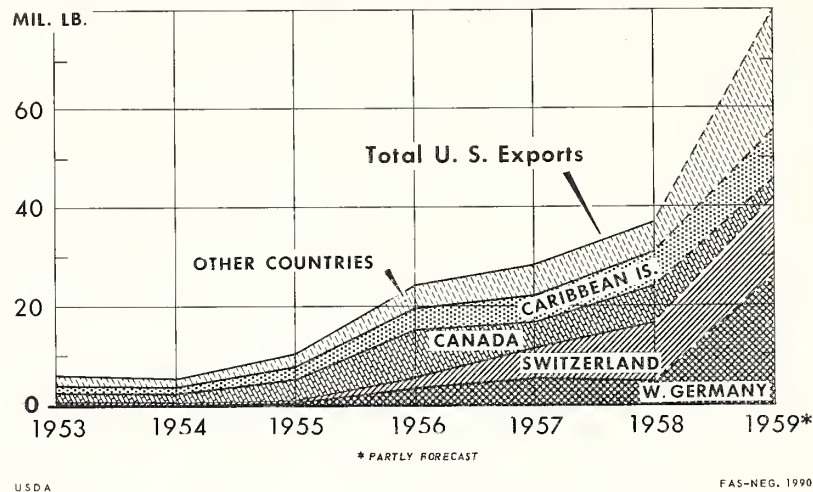
In the Western Hemisphere, U. S. exports of frozen chicken to Canada and Mexico, which increased gradually until 1958, are not expected to increase significantly in the near future because of local programs to encourage poultry production. Venezuela and Cuba have been unimportant protected markets for several years. On the other hand, most island countries of the Caribbean are expected to increase imports of U. S. frozen ready-to-cook poultry products (total about 10 million pounds in 1959) to more significant quantities in the next few years. Whole birds have found greater demand in the hotel (tourist) and restaurant grade, and there has been an increase in demand for lower priced chicken parts (backs, necks, wings).

U. S. exports of turkeys increased from 5.2 million pounds in 1958 to about 9 million in 1959, recovering to above the level of 1957 when the Canadian embargo first went into effect. In many respects, the outlook for U. S. exports of turkeys parallels the situation and outlook for chicken meat, although the growth in turkey exports probably will continue to be more gradual. With the exception of the Canadian market where a sharp decline followed the mid-1957 embargo, the general pattern of prospects, by areas of destination, is similar to that for chicken meat. Europe represents the predominant and most rapidly growing market, with Germany, which removed all exchange restrictions by mid-1959, taking about half of all U. S. turkey exports. The Caribbean Islands (including Cuba) are taking gradually increased quantities for the restaurant and hotel trade. Exports to Canada may recover some as a result of prospective easing of the turkey embargo, but the prospective relative supply and price levels will tend to check any sharp increase in U. S. turkey exports to that country.

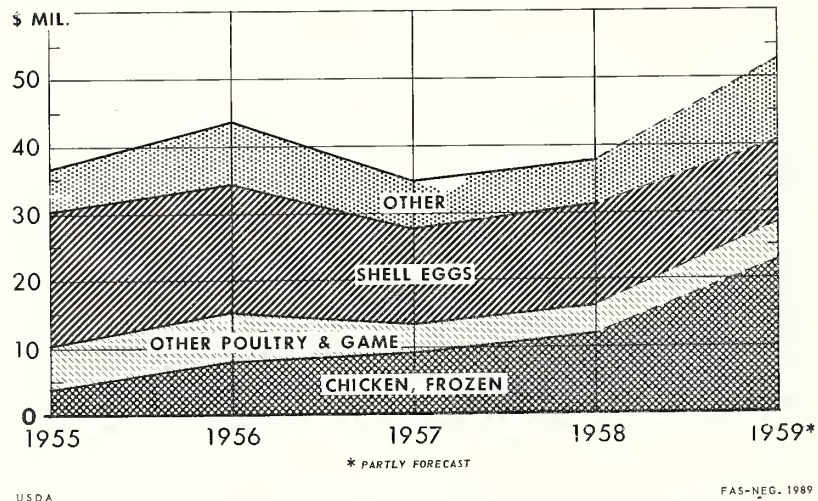
National production programs and exchange controls will continue to prevent any appreciable increase in turkey exports to Mexico and South American countries. Exports to the Near East and Africa may rise moderately.

U. S. exports of poultry and game (ducks, geese, etc.) other than chickens and turkeys, declined in 1959 from a year earlier and are expected to decline further. A relatively sharp increase in exports of these items to West Germany followed that country's mid-1959 liberalization of these items, but they may not increase much more if larger imports of U. S. chicken meat are permitted.

U. S. Chicken Exports at New High As W. Germany Becomes No. 1 Market



U. S. Poultry & Egg Exports Top \$50 Million in 1959



A sharp increase in U. S. exports of canned poultry in 1959 over 1958 was accounted for mainly by greatly increased shipments to West Germany after midyear. Moderately larger shipments to Canada and Venezuela in 1959 about offset decreased takings by most other countries. Although Germany accounted for most of Europe's imports of U. S. canned poultry in 1959, the United Kingdom liberalized imports of this item late in the year. Any further increase in U. S. exports of canned poultry in the next few years probably will be more gradual than in 1959.

Eggs

U. S. market (shell) eggs met keen price competition in world markets in 1959, and the decline, which started in 1956, was accelerated. U. S. exports of market eggs declined

from 22.4 million dozen in 1958 to about 10 million in 1959, and little or no increase is expected in 1960. These exports include shipments to Spain under an economic aid (MSA) program amounting to 4.7 million dozen in 1958 and about 2.5 million dozen in 1959.

Canada took negligible quantities of eggs in both years, but supplied Venezuela, the United States' leading market, with about 16 million dozen in 1959 compared with 11.4 million in 1958 under a government surplus removal program. As a result of this competition and that of Denmark, the Netherlands, Poland, and Argentina, U. S. exports to Venezuela in 1959 were about a third as great as in 1958.

Some increase in U. S. exports to Venezuela seems a probability in 1960. There has been a diversion of shipments by some European exporters to nearby markets--United Kingdom, Germany, France. Canada has changed its support technique from a system of purchases to a moderate deficiency payment program which, because of price increases, has not yet gone into effect. It is doubtful whether Canadian exports will increase in 1960.

On the other hand, a further decline in U. S. exports to Mexico and the Caribbean islands seems likely. Cuba has stopped imports, and the takings of the other islands are expected to decline further. The net effect is little improvement in U. S. export prospects for market eggs.

Prospects for hatching eggs are more favorable. The value of U. S. exports of hatching eggs increased from \$6.4 million in 1958 to at least \$7.5 million in 1959. The benefits of U. S. specialization in developing breeds and crosses for both egg and meat production are reflected in increased takings by Venezuela and by European hatcheries and breeders, notably in West Germany and Belgium-Luxemburg. Imports by these countries probably will continue to more than offset any declines in imports by Canada, Mexico, Cuba, and other markets of the Western Hemisphere.

U. S. exports of dried eggs increased from about 700,000 pounds in 1958 to over 6 million pounds in 1959. Most of these increased shipments were destined for Europe, notably West Germany and the United Kingdom, which normally are supplied mainly by Mainland China. This also helps explain the increased shipments to Switzerland, Italy, and Belgium. Too, there has been some inventory accumulation in Germany. In view of these conditions, it is doubtful whether the present rate of exports will continue through 1960.

There also was a moderate increase in U. S. exports of frozen and otherwise preserved eggs in 1959 over 1958. Most of the increase went to Europe (Belgium and Switzerland). There was no significant change in exports to Western Hemisphere countries as a whole, the principal marketing area. Since the increase in shipments to Europe probably was induced by the decline in Chinese exports, no reversal of the gradual downtrend in exports of these products is expected.

U. S. exports of baby chicks in 1959 increased moderately over those of the preceding year for the first time since 1956, a year of record imports by Venezuela and Mexico. Heavier exports to Guatemala and Mexico accounted for most of the increase. Such formerly important markets as Venezuela, Canada, Cuba, and Mexico are now hatching more of their own chicks. There were further increases in exports to Western European countries, notably Belgium-Luxemburg, Italy, and Greece. While these are still small compared with shipments to American markets, some further increase is expected, especially of meat-type chicks, as the value of specialized U. S. breeding becomes more generally understood.

The gradually increasing number of other live poultry exported, mainly to Canada and Mexico, is believed to represent mainly young pullets for egg production or breeding.

Developing World Markets

Surveys of Potential Overseas Markets

The marketing specialists continued in 1959 to evaluate overseas markets and report on consumer habits and desires, prices, packaging, quality, types of domestically produced products, and other factors affecting the introduction and expansion of U. S. poultry and poultry products on the markets.

One specialist introduced U. S. fowl to two of the larger Caribbean markets, Jamaica and Trinidad. The commercial introduction of fowl could further expand the total market for U. S. poultry by providing a product accessible to the lower income groups. Government officials and the trade showed interest in this possibility.

Introductory shipments of U. S. poultry have been made to Greece; these have been small commercial shipments. In a study of that market, a specialist determined the acceptability of the U. S. product and recommended to the U. S. poultry industry that a further evaluation be made to determine the extent to which this market could be expanded.

During the current year the most important market in the Far East for U. S. poultry and poultry products has been Hong Kong. Thus, a marketing specialist visited this market to determine acceptance of the U. S. product and to evaluate the potential for further expansion.

Participation in Meetings

FAS representatives continued their participation in national poultry meetings. They were on the programs of the National Broiler Council's annual meeting, the Institute of American Poultry Industries Fact-Finding Conference, and the Pacific Dairy and Poultry



Above, German girls, like thousands of other visitors at the International Trade Fairs in Cologne and Munich, enjoy samples of U. S. fried chicken. Left, U. S. poultry on display in a West German store.

Association's annual convention. In these presentations, they reported overseas developments and encouraged increased industry activity in further developing the rapidly expanding export market for U. S. poultry products, principally poultry meat.

Also, two presentations were made to the Egg Committee of the New York Mercantile Exchange relative to egg exports.

Overcoming Dollar Shortages

Currently, the principal export market for U. S. poultry meat is Western Europe, and for U. S. eggs, Venezuela. There are no dollar shortages in these areas, except in Spain. Limited use has been made of Title I, P. L. 480 sales of U. S. poultry for local currency as a means of introducing these products to new markets. During the current year such programs have been used to introduce U. S. poultry meat to Spain, Turkey, and the United Arab Republic.

Lessening Trade Barriers

FAS continues to help U. S. efforts to lower restrictions and barriers raised against imports of poultry and poultry products from the United States. For example, in Colombia, after continued efforts by a marketing specialist, in cooperation with the U. S. agricultural attaché, the government revised its embargo on the importation of baby chicks, and is now permitting the importation of high-quality chicks to maintain poultry breeding flocks. Recently, the Colombian Government announced a reduction of the prior import deposit on the importation of baby chicks from 130 to 20 percent.

Actions by other governments during 1959 were: Liberalization of dollar imports of turkeys, ducks, and geese and an important increase in tender value for chickens by West Germany, and an announcement by the United Kingdom permitting the importation of canned and precooked frozen poultry from the dollar area.

During 1959 also, FAS cooperated with the Agricultural Marketing Service in sending an egg-grading specialist to Venezuela to assist that government's graders in the application of their new import grades for eggs. After his study, a marketing specialist visited Venezuela to be of further assistance to the U. S. industry in maintaining this important market for U. S. eggs.

Trade Cooperation

U. S. exporters of poultry and poultry products have shown increasing interest in the export market. Indicative of this is the attendance of 15 members of the U. S. poultry trade, at their own expense, at the International Food Exposition held in Lausanne, Switzerland. Here were exhibited, through FAS-poultry industry cooperation, a wide range of U. S. poultry and poultry products; also, receptions were held to familiarize important industry representatives with the quality and acceptance of these products. These activities were important factors of the U. S. exhibit.

In the fall of 1959, the largest commercial shipment of U. S. frozen poultry--700 tons--left the port of New York for the Western European holiday trade. This milestone for the poultry industry in the expansion of overseas markets was given much publicity by the poultry industry through its International Trade Development Committee.

Poultry exporters have continued to participate in international trade fairs. This participation, in cooperation with their industry associations, has included fairs in which the U. S. Government did not have exhibits.



IAPI's exhibit of U.S. turkeys and chickens attracted many Dutch hotel and restaurant owners and thousands of consumers at the CONVO Fair, in Zutphen, the Netherlands.

Projects Using Foreign Currencies

Added efforts to obtain increased industry participation in foreign currency market development projects were made during 1959. No new cooperative poultry projects were initiated, but those already established in several European countries were extended to provide the cooperator, the Institute of American Poultry Industries (IAPI), with additional assistance in capitalizing on the rapidly growing European market for U. S. poultry meat.

Trade Fairs

IAPI and FAS continued a cooperative trade fair program in 1959 toward the expansion of the foreign poultry market. Comprehensive displays of the wide variety of frozen poultry and poultry products available from the United States were shown at four fairs--in Madrid, Spain; Lausanne, Switzerland; Lima, Peru; and Cologne, Germany. There, local trade groups and government officials sampled the products and were introduced to the processing and packaging methods used in the United States. A new feature at Cologne was the demonstration by a specially qualified U. S. turkey chef of turkey preparation and utilization for commercial food service institutions.

Market Information

Again in 1959 FAS published circulars covering trends in foreign production of and U. S. and world trade in poultry and poultry products. Also information received from marketing specialists and attachés of interest to exporters of these products is released in the weekly Foreign Crops and Markets.

The following is a list of circulars published during the past year.

FPE 1-59	World Trade in Poultry and Eggs, 1956, 1957 and Indicated 1958	Jan. 8, 1959
FPE 2-59	U. S. Poultry and Poultry Product Exports up About 9 Percent in 1958	Apr. 20, 1959
FPE 3-59	More Eggs and Chickens in Major Producing Countries	July 15, 1959
FPE 4-59	U. S. Foreign Trade in Poultry and Eggs, 1958 and Indicated 1959	Sept. 30, 1959